

HB 170

Informational testimony of Greg Jergeson on behalf of the Montana Public Service Commission
January 17, 2007

The PSC is neutral on this bill, but offers one amendment to improve Section 2, subsection (6). That provision, as currently written, requires that customer-generators who have a net kilowatt-hour credit at the end of 12 months receive financial compensation from the utility "in an amount equal to the average retail rate of the unused electricity for the rate class of the customer."

The PSC is concerned with this provision for two reasons. First, the phrase "average retail rate for the unused electricity" is ambiguous. Second, basing the compensation on the "average retail rate" is inappropriate because the average retail rate could be interpreted to include not just the supply cost, but also the transmission and distribution components of the rate which are not avoided through net metering. Customer-generators still use the utility's transmission and distribution facilities and should not be reimbursed for those components of their utility service.

The PSC's suggested amendment would designate the PSC to determine the rate at which customer-generators should be compensated by the utility. Existing statutes govern the standards the PSC would apply in setting such rates – rates must be just and reasonable and not unduly discriminatory. Existing net metering provisions allow the PSC to require special metering and allocate net metering costs between the customer-generator and the utility in a way that serves the public interest.